



Local Governments' Guide to Tax

County School Facility Occupation Tax

What is the County School Facility Occupation Tax?

The corporate authorities of a county, except Cook County, may impose a tax upon all persons engaged in the business of selling tangible personal property at retail (retailers' occupation tax) and upon all persons engaged in the business of making sales of service, who, as an incident to making those sales of service, transfer tangible personal property in that county (service occupation tax). This tax is referred to as the County School Facility Occupation Tax. The Illinois Department of Revenue is responsible for administering this tax.

Are there kinds of sales that are *not* subject to this tax and that will *not* generate additional revenue?

Yes, the county school facility tax does not apply to the sale of:

- ◆ tangible personal property that is titled or registered with an agency of this state's government, (*e.g.*, cars, trucks, boats, motorcycle, trailers, snowmobiles, aircraft), or
- ◆ food for human consumption that is to be consumed off the premises where it is sold (other than alcoholic beverages, soft drinks, and food which has been prepared for immediate consumption) and prescription and non-prescription medicines, drugs, medical appliances and insulin, urine testing materials, syringes, and needles used by diabetics.

Do any restrictions exist on how counties can use the collections from this tax?

The revenue generated is to be used exclusively for "school facility purposes" in that county as defined in the statute.

Is voter approval required before implementation?

Yes, the corporate authorities of the county must have voter approval in order to establish a County School Facility Occupation Tax.

What steps must be taken to establish this tax?

Upon either:

- ◆ a resolution by the county board or
- ◆ a resolution by school district boards that represent at least 51 percent of the student enrollment within the county,

the county board must certify the question of whether the county shall impose this tax to the proper election authority, who submits the proposition at an election in accordance with the general election law. If a majority of the electors voting on the proposition vote in favor of it, the county may impose the tax.

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What tax rate can be imposed?

The County School Facility Occupation Tax may be imposed in $\frac{1}{4}$ percent increments and may not exceed 1 percent.

What action is required after voter approval?

The county must:

- ◆ adopt a proper ordinance to impose the tax,
- ◆ file a certified copy of the ordinance that imposes the tax with the Illinois Department of Revenue, and
- ◆ file certified election results with the Illinois Department of Revenue.

What is the deadline for filing an ordinance?

If the county has filed a certified copy of a proper ordinance and certified election results with the department on or before:

- ◆ April 1, the tax rate will take effect July 1 of the same year, or
- ◆ October 1, the tax rate will take effect January 1 of the following year.

Can this tax be discontinued or changed?

Yes, the county board may, by ordinance, discontinue or lower the rate of the tax.

Note: If the county board discontinues or lowers the rate of tax, a referendum must be held in order to increase the rate of tax or reimpose the discontinued tax.

When will the county receive its first tax collection?

For taxes imposed effective January 1, the first disbursement will be made to the Regional Superintendent of Schools during the following April. For taxes imposed effective July 1, the first disbursement will be made to the Regional Superintendent of Schools during the following October.

Is there other general information I should know?

- ◆ County School Facility Occupation Tax will be disbursed separately from other taxes authorized for disbursement by IDOR.
- ◆ Taxpayers are allowed to take a 1.75 percent discount for timely filing and payment of these taxes. Any allowable discount that is taken is reflected in the distributions that are made to the Regional Superintendents of Schools.
- ◆ A 2% administration fee is retained by the Illinois Department of Revenue.

Statutory reference

County School Facility Occupation Tax,
55 ILCS 5/5-1006.7